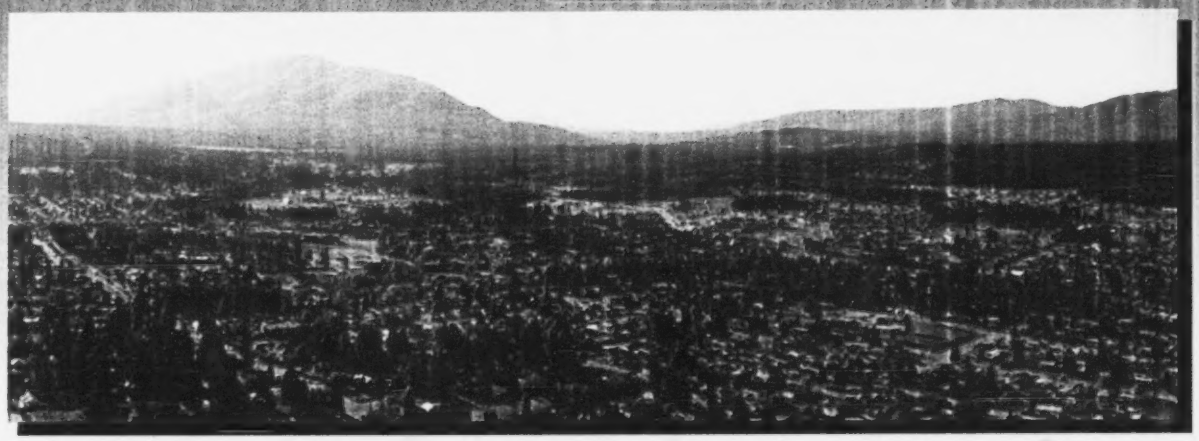
CRANBROOK

2008 Annual Report

A Message from the Mayor



I am pleased to present the City's 2008 Annual Report.

This year has offered Cranbrook many opportunities and successes, as well as challenges. We celebrated the official opening of the newly expanded Canadian Rockies International Airport, sending out the message to the world that Cranbrook is open for business. Delta Airlines agreed with us and signed an agreement effectively providing direct service to Cranbrook from its hub in Salt Lake City, opening the airport to the entire United States.

The City of Cranbrook and the Western Hockey League's Kootenay ICE arrived at an agreement in principle on a lease that will see the Kootenay ICE remain in Cranbrook for the next 15 years.

I believe that Cranbrook's future is bright and full of promise. In spite of the global economic situation, Cranbrook is in a good position to take advantage of opportunities that will come our way. We have established ourselves as the main economic, educational, recreational, cultural, transportation and health centre of the region. This is our strength and will ensure our continued growth.

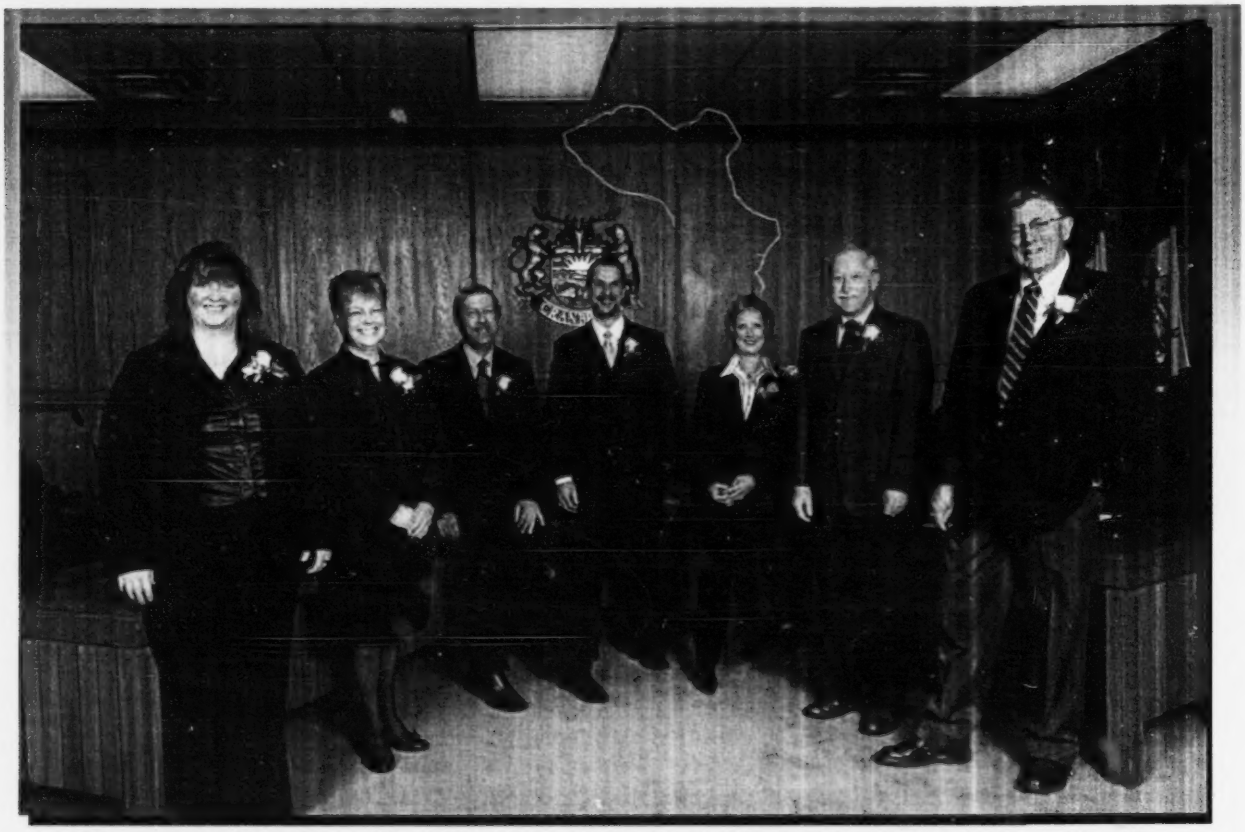
Scott Manjak

Mayor

Table of Contents

Mayor's Message	inside front cover
Cranbrook City Council	1
2020 Vision Statement	2
City Services (A Report from the Chief Administrative Officer)	3 – 12
Officers at December 31, 2008	13
Managements' Responsibility for Financial Reporting	14
Auditors' Report	15
Consolidated Financial Statements	
Consolidated Statement of Financial Position	16
Consolidated Statement of Financial Activities	17
Consolidated Statement of Current Fund Operations	18
Consolidated Statement of Capital Fund Operations	19
Consolidated Statement of Reserve Fund Operations	20
Consolidated Statement of Cash Flows	21
Summary of Significant Accounting Policies	22 - 24
Notes to Consolidated Financial Statements	25 - 34
Schedule – Segment Reporting of Revenue and Expenditures	35 - 36
Statistical Review	37 - 40
2008 / 2009 / 2010 Key Objectives	41 - 58
Statement of 2008 Property Tax Exemptions	59

Cranbrook City Council



From left to right: Councillor Diana J. Scott, Councillor Liz Schatschneider, Councillor Jim Wavrecan, Mayor Scott Manjak, Councillor Denise Pallesen, Councillor Bob Whetham, Councillor Angus Davis

City of Cranbrook Mission Statement

The Council and Staff are committed to the continuing development of the City of Cranbrook as a successful and progressive community, and to preserving, and further enhancing the high quality of life enjoyed by the Citizens. Council will be responsive to concerns and provide an informed and committed leadership. A competent, skilled staff of high integrity will use available resources as efficiently as possible, providing high quality services to meet the needs and address the concerns of residents and employers. Council and Staff will work cooperatively with the Citizens of the City of Cranbrook, organizations within the community, other municipalities and other levels of government in order to achieve the maximum benefit for the community.

DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS

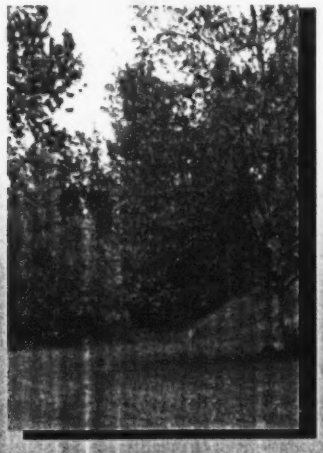
In accordance with Section 98(2)(e) of the *Community Charter*, there were no declarations of disqualification made under Section 111 of the *Community Charter* in the year 2008

2020 Vision Statement

City of Cranbrook

2020 Vision Statement

In the Year 2020, the dynamic City of Cranbrook proudly welcomes the world to Southeastern British Columbia, the Kootenay region and the Canadian Rockies. As the major transportation hub; national and international visitors travel to Cranbrook to access the region's world-class recreation facilities, utilize Southern British Columbia's finest travel and convention amenities, and play on the region's most outstanding tournament facilities. Investors and entrepreneurs have consolidated the City's financial, commercial and industrial services role. Residents enjoy an enviable lifestyle within a safe urban environment that provides a wealth of opportunity for individual wellness, education and prosperity. A rich cultural fabric complements a visually attractive urban form set in a spectacular mountain environment. Cranbrook has assumed a strong, progressive leadership role within British Columbia based on sound fiscal management, smart growth development, and wise asset reinvestment.



City Services

The Corporation of the City of Cranbrook provides a broad range of municipal services to our residents, businesses and visitors to our community. The Corporation is organized into Departments responsible for cost effective delivery of these services under the policy direction and budget authorization of Council. The City also contracts police services and provides financial support to the Cranbrook Public Library.

Public services provided by each Department are highlighted below.

CORPORATE SERVICES

The Corporate Services Department was very active in 2008.

In addition to providing overall Corporate administrative functions on an on-going basis, including support to Mayor and Council, the Department fulfills statutory requirements, coordinates contracts/agreements and approvals and administers City property dispositions. Corporate Services manages Freedom of Information and Protection of Privacy Requests on an on-going basis.

Corporate Services coordinated the conduct of the 2008 Municipal election with the assistance of a Chief Election Officer and fulfilled additional related statutory requirements following the election.

Implementation of the City's Records Management program continued with individual City departments being responsible for managing records within the Corporate system. Staff of Corporate Services guide this process and continue to assist departments in undertaking their responsibilities.

The Bylaw review project continued and Council was apprised of and involved in the process on an on-going basis. This project involves an overall assessment of City bylaws to determine the need for more specific review and update, repeal or replacement.

Bylaws brought forward to Council for updating or replacement included: Elections Bylaw; Officers and Employees Amendment Bylaw; Bylaw Enforcement Officers Repeal Bylaw; Business License Amendment Bylaw; Streets and Traffic Amendment Bylaw; Leisure Services Fees and Charges Bylaw; Fees and Charges Amendment Bylaw, Waste Collection and Disposal Amendment Bylaw; Subdivision Bylaw; and Land Use Contract Discharge Bylaw.
Extensive reviews of the Council Procedure Bylaw and Cemetery Bylaw neared completion with both scheduled for Council's consideration in the first half of 2009.

Corporate Services Staff also completed the review of the City's Committee structure for consideration by Council in early 2009.

Planning and development activity continued to be very active with many inquiries and applications being submitted for consideration for approval. Proposed development projects were often complex and involved consideration of a sequence of interrelated application processes leading ultimately to consideration of approvals for subdivision and building permits. This involved considerable investment of Corporate Services staff resources in review and communications with prospective developers. Considerations also involved liaison with other Provincial departments including the Ministry of Transportation.

Planning for the northern boundary extension in 2008 involved preliminary consultation with property owners. Corporate Services looks forward to continuing the process for planning for the northern boundary extension area in 2009.

Consideration of proposed development in the area known as "Shadow Mountain" located in the northern boundary extension area required substantial Staff involvement in review and liaison with proponent representatives.

The proposed eastern boundary extension application under consideration by the Province was delayed pending confirmation of the status of Crown lands relative to treaty negotiations with First Nations.

City Services (cont'd)

The Growth Management Study continued in cooperation with the City's Engineering and Finance and Computer Services departments.

Public Transit continued to involve staff in its administration in cooperation with BC Transit and Greyhound. A new downtown transit exchange was completed and became operational in the second half of 2008. In addition, bus benches were installed at several bus stop locations and more installations are planned for 2009.

Bylaw enforcement required the focused use of resources in 2009, often on an issue or site-specific basis and sometimes involving the City Solicitor. Enforcement actions were driven primarily on a complaint basis unless otherwise directed by Council or its members through the Chief Administrative Officer. Bylaw enforcement continues to be a busy area within Corporate Services.

The Corporate Services Department continues to apply its resources as it is called upon to assist in addressing current and broader based community interests.

FINANCE AND COMPUTER SERVICES

The Finance and Computer Services Department diligently administers the public financial resources of the City. In 2008, the Department prepared the Five Year Financial Plan for Council's consideration, prepared six month interim management reports and budget analysis as well as annual financial reports. Department personnel process daily financial and accounting transactions, implement and monitor internal control procedures, order goods and services and tender major capital projects.

Finance and Computer Services Department manages the Human Resource function for the Corporation including payroll, administration of collective agreements, employee benefits and recruitment. The Department also manages Corporate information technology services.

Under the British Columbia *Community Charter*, the City is required to adopt a Five Year Financial Plan. This long-term approach to financial planning allows Council and the community to consider the impact that current decisions will have on future financial flexibility. The Plan is updated each spring, prior to setting the tax rates, to reflect any changes that have occurred since the last Plan was adopted.

A major task undertaken in 2008 was the gathering of information on Capital purchases over the life of the City in preparation to record the depreciation of Tangible Capital Assets in the Corporation's books for 2009, as required by CICA's Public Sector Accounting Board.

Purchasing has been extremely busy in 2008 as many of the City's fleet are well beyond their useful life and in need of replacement rather than repair. Tenders have been issued, followed by purchase orders, and the subsequent receipt of the new equipment.

During 2008, the City undertook a number of significant Capital projects all of which substantially impacted Finance from a purchasing and accounting point of view.

A review of the City's Purchasing Policy was undertaken during the year. The review resulted in a preliminary rewriting of that Policy with a focus on a comprehensive update to be finalized in 2010.

The department also embarked on a records management project that had been initiated by Corporate Services in 2007.

Computer Services

At the beginning of 2008 the General Ledger was restructured. This required substantial time for both the MAIS support team and the IS Manager as each module which requires interaction with the general ledger had to be modified and configured as well (ie: Property Taxes, Utilities, Building Permits etc.)

Our Technology Rollover plan was continued to replace the remaining 40% of workstations throughout the summer. Around the same time we hired a PC Support Specialist which we share with the RCMP. After all of the new PCs

were installed we prepared all of the old workstations for auction. This included a secure wipe of all data on each hard drive.

ANI-ALI Software purchased and installed at the Firehall. This software identifies, displays and permanently records the location of in-coming phone phone calls.

The IS Department acquired, configured and installed a Network Attached Storage (NAS) server for Public Works (primarily used for SCADA Backup Data and Photos) and also acquired, configured and installed a NAS server at the Recplex to replace existing departmental storage server which was near end of life.

We installed a control systems server for the lighting and environmental controls at the Recplex which secures programs from possible damage from user error, malicious internet attacks and physical damage. The Recplex's Facility Booking server was replaced as part of the Technology Rollover. The facility booking software was upgraded at the same time. IS Staff added a 2nd workstation for the Recplex technicians.

A new ticketing system (hardware and software) was installed at the Recplex in the spring. At the request of the Kootenay Ice, additional network infrastructure was installed on the client side of our network to accommodate the new ticketing system.

The Network Administrator created and maintained a revised Christmas in the Rockies 2008 Website. The website was well received and used by the public (5000+ hits).

ENGINEERING

A small, talented engineering team guides the planning, design, and construction management for new development, replacement and major maintenance of City infrastructure. This includes our potable water and sanitary sewer utilities; the administration of lagoons and the spray irrigation site; our reservoir, diversion system and supply pipeline; as well as our roads, sidewalks, and storm drainage system. In 2008, the City undertook a capital works program for the following:

1) 10th Avenue South and Spirit Square project which included:
   a) Water main replacement
   b) Storm and Sanitary rehabilitation
   c) Street lighting
   d) Landscaping
   e) Ducting for communication system upgrade
   f) Band stand
   g) Improvements to Rotary Square and Clock Tower Square
   h) Furniture

2) Relocation of Transit Exchange Station from Baker Street to 12th Avenue North.

3) Commission of the newly constructed Pressure Reducing Stations.

The Department also administers subdivision approvals, building permits and construction inspections. Activities for 2008 included 24 applications for subdivision which was down a little from 2007's number of 35; 132 applications for new housing starts with a total of 339 building permits. Total Building Permit construction value was $60.8 million.

The Department administers the City Cemetery and responds to numerous daily inquiries regarding land development, municipal servicing and building permit requirements.

City Services (cont'd)

PUBLIC WORKS

Our Public Works crews keep the City moving. Taking care of 138 km of paved roads and 43 km of unpaved lanes and streets, the crews clear snow, sand, repair and clean our streets.

The crews also take care of public parking lots, sidewalks and pedestrian pathways; roadway and surface drainage channels, structures and storm sewers. To ensure traffic moves safely Public Works maintains traffic and pedestrian signals, street lighting, regulatory and information signage.

Approximately 8,000 water services were maintained to residences across the City as well as approximately 1,200 business services and 3 industrial services. Public Works crews maintain, repair and replace the in-ground pipes delivering this essential service; monitor the quality of the water and maintain the reservoir, diversion structures and feed lines. Instrumentation installed during 2005 in a diversion structure south of the City's Phillips Reservoir provides continuous on-line monitoring of surface water flows from Gold Creek and Joseph Creek watersheds. The equipment also monitors the apportionment of surface waters directed into the reservoir and into Joseph Creek that flows through Cranbrook. The monitoring equipment measures conductivity, turbidity and temperature from each of the two surface water sources and records flow from the Gold Creek pipeline. Our crews also keep the City clean and attractive.

Crews collect residential solid waste and trash from public areas, are responsible for the maintenance and operation of the City's wastewater collection and treatment systems as well as effluent transfer to the Spray Irrigation site.

In our parks and open spaces, Public Works personnel maintain playfields, playgrounds, boulevards, creeks and natural areas, trees, shrubs and gardens, the cemeteries, mausoleum and public structures including water parks, shelters and public toilets. Public Works crews worked closely with Communities in Bloom preparing sites by removing soil, excavating, placement of top soil and installation of irrigation systems.

City Hall, our Arenas, the Operations Centre, Fire Stations and Police Services as well as numerous small public buildings are maintained by Public Works personnel, directly and by contract, providing janitorial services, security, heat/ventilation/air conditioning services, carpentry, electrical, plumbing, painting, roofing, flooring, lighting and glazing. To keep all of these services on the move our crews maintain, service and repair the City's fleet of vehicles and apparatus.

Parks crews provided labour and equipment support to the incredible Communities In Bloom committee in their success achieving the prestigious '5 Bloom' award for our City. Flower, shrub and tree plantings were completed at many locations along the Strip. The large Centennial Gardens 2 project on Van Horne by the Sandman Inn was partially completed, water feature treatments on each side of the Moir Park entrance were installed. 8 trees were planted at Moir Park, 6 at the Kinsmen Spray Park and 3 at Idlewild Park. Much of the tree, shrub and floral plantings were overseen by representatives of the resident ungulate population.

50 diseased, dying and dead trees were removed from Baker Park with many other diseased trees removed from green space areas throughout town. Large plastic planters were added to the 50 or so concrete planters on the Strip and throughout the community. These new planters have water reservoirs inside them that reduced maintenance activity from 5 times per week to twice a week. Hanging basket plantings were added with a smaller version of the internal water reservoirs that resulted in a similar time saving. Deep trash cans were installed to match the first one

City Services (cont'd)

placed at the Skate Board Park in 2007 that lasted 7 months before being emptied.

At City Hall, Trades personnel renovated what is now known as the Committee Room, partially reconstructed a room to house the Spirit Square field office, and worked with a contractor to replace the heating system and provide air conditioning to areas of the building not previously served. At the RecPlex, a media room was constructed, a concrete block retaining wall and large volume of fill material was removed as was the Old Library with a new Tot Park constructed. At the Memorial Arena, steel supports were added to breathe new life into the support arches holding the building up. A new sewage screening facility is mostly completed at the City's wastewater treatment lagoons.

Roads crews completed a large project that saw the Ridgeview Road boulevard reshaped and hydro seeded. A large diameter 'wye" fitting, new magnetic flow meter, 3 shut off valves and a new actuator were installed at the Phillips Reservoir inside new concrete valve chambers along with an extension to a tunnel and a bypass line to allow for future work at the site. Considerable work occurred at the sites of the Spirit Square and Bus Terminal projects as department personnel worked with contractors to substantially improve both the appearance and functionality of the downtown core. 3 pressure reducing stations were brought on line. 85 water distribution system failures and 5 sewer problems were excavated and repaired.

Council's program of re-surfacing asphalt roadways in the City is resulting in less effort to address the perennial pothole problem for which the City is well known. Personnel time is now freed up to deal with repair of water and sewer excavation sites and other roadway related maintenance tasks.

FIRE AND EMERGENCY SERVICES

In 2008, our team of 22 career staff and 10 auxiliary fire fighters responded to 1,212 calls for emergency services. First responder services accounted for the majority of calls providing patient and site stabilization, vehicle extrication, and often supporting ambulance personnel. Cranbrook Fire & Emergency Services responded to 146 fire related calls in both the City and Regional District service area.

Beyond fire suppression and first responder services, the Fire Department provides core services in fire prevention, emergency preparedness and communications. In 2008, the Department conducted 1,317 fire safety inspections for buildings in Cranbrook, enforced the Fire Services Act and BC Fire Code, conducted 116 fire investigations and delivered over 100 program hours related to fire safety public education. Through Council's direction, Cranbrook Fire & Emergency Services developed a Confined Space Rescue Program which enables the Department to provide Confined Space Rescue Services within the community.

In 2008, the department directed 395 emergency calls to 15 regional communities, provided approximately 1,300 dispatch calls to Public Works crews, issued 167 burning permits, supported Fire Prevention Week and toured the community on Christmas Eve with Santa Claus.

Cranbrook Fire & Emergency Services assumes the lead role in community emergency planning and preparedness, and in 2009 entered into a joint Emergency Program with the RDEK and City of Kimberley.

The Department is a strong and active partner in the Fire Services Training Program provided by the College of the Rockies. In 2008, 18 students graduated from this unique and well respected training program preparing men and women for a career as a professional firefighter.

City Services (cont'd)

POLICE SERVICES

Community police services are provided by the Royal Canadian Mounted Police through a contract with the City of Cranbrook. The municipal component of the Detachment includes 25 officers and 14 municipal employees providing a wide range of police services. This includes general duty, a plain clothes serious crime section, forensic identification, and crime prevention community policing. Additionally the Detachment has the services of a First Nations policing officer, police dog, victim services and restorative justice. In 2008 the Detachment responded to a total of 7,904 calls for service within the City of Cranbrook.

In addition to responding to calls for service each year the Detachment in consultation with the community as well as Mayor and Council identifies priorities. In 2008 these priorities were:

Drugs and the Impact of Drugs.

In this regard the serious crime section focused primarily on the apprehension and prosecution of those trafficking in cocaine, and crime associated to the drug trade.

Property Crimes.

The Citizens on Patrol group donated approximately 1,400 hours of their time working with the police to detect and deter crime in focused areas. The Detachment also undertook a number of preventative initiatives to educate persons on how to protect their businesses, homes and vehicles from becoming targets of crime.

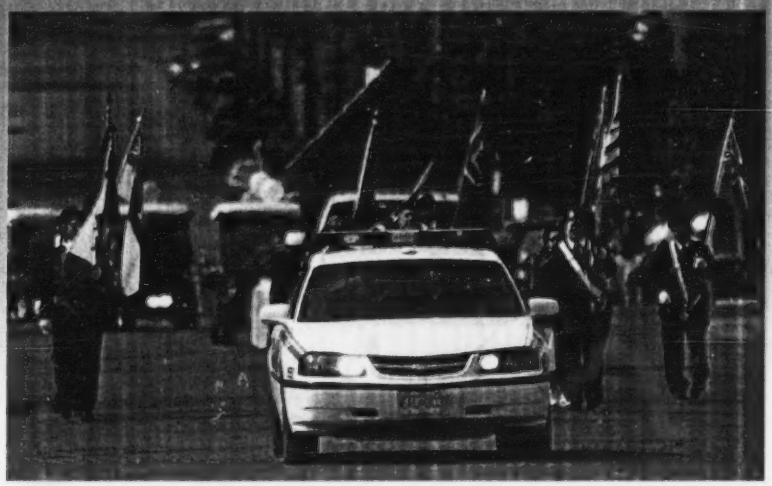
Traffic

The apprehension of impaired drivers remains a high priority, with assistance and enforcement within the City also being provided by the East Kootenay Traffic Services unit.

Youth

Members of the Detachment both on and off duty are involved in various youth activities from school liaison, delivery of D.A.R.E and other preventative programs such as P.A.R.T.Y., to coaching in sports. In 2008 Constable Travis Dow was the recipient of a National award for Youth development, recognizing his efforts with the Rams football team. As well Constable Melody Henderson participated for the third year in a row in the Cops for Kids Ride, raising $16,500.

City Services (cont'd)



Utilization of Police Resources: In 2008 Mayor and Council passed a false alarm bylaw. The Detachment also initiated steps to reduce time officers spend on certain types of motor vehicle collisions and receiving found property. These will be monitored with respect to ensuring there is no impact on public safety.

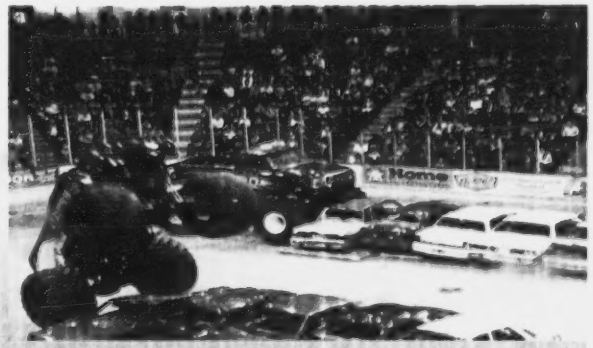
The members, support staff, and volunteers of Cranbrook Detachment remain committed to keeping the community safe.

LEISURE SERVICES

Special Events and Partnerships at City Facilities
February the Cities of Cranbrook and Kimberley hosted the 2008 BC Winter Games. There were over 3000 volunteers, 2500 athletes, coaches, chaperons and officials. Both Cranbrook and Kimberley were busy with excitement during the four days of Winter Games.

Other Activities:

April 24-26 Dance Competition - RecPlex
May 2-4 Kimberly Dance Club Year End Show - RecPlex
May 2-4 Kinsmen Trade Fair - Memorial Arena
May 1-4 Carnival at the RecPlex parking lot
May 30th Monster Truck Spectacular - RecPlex
June 2nd Spirit Pole Tour Event RecPlex Parking Lot
June 7th Gymnastics year end show - RecPlex
June 19-22 Sam Steele Days at the RecPlex and various locations throughout the City. Sam Steele Kiddies Day Parade sponsored by Leisure Services
June 26th Cranbrook Grad Ceremonies
June 27-29 Annual Lacrosse Tournament (RecPlex, Memorial, Kinsmen)



Canada Day Event was held on July 1st. Heavy rainfall dampened the Community's spirit for the early activities. The rain stopped and by 8:00 pm the crowds attended the event at Moir Centennial Athletic Park which included musical entertainment and fireworks. Mopar Car Show held their first annual car show and outdoor movie night at Moir Centennial Athletic Park. The car show was well attended, with both spectators and participants marvelling at the location of the show.

City Services (cont'd)

The Programming Department has been active with the 2010 Legacy – Act Now promotion. They were successful in creating a new Active Community Committee; combined the Pitchin program with the Move for Health day. Worked with the local elementary schools and used their steps while collecting garbage in the Steps Out program; promoted the Teddy Bear Picnic for pre-schoolers and implemented the Steps Out program to the children and their parents; worked with Family Connections to develop a walking program for a specific target group.

A celebration honouring Ben Rutledge and his accomplishment, 2008 Olympian Gold Medalist Rower, was organized by Staff.

Curling Arena
The entire main floor of the Curling Arena was upgraded, including washrooms, ceiling tiles, paint and flooring. The men's and women's washrooms upstairs were gutted and replaced with new tile, sinks, toilets and flooring. The walls on the ice slab saw a fresh coat of paint.

Memorial Arena
The Brine Line at the Memorial Arena was repaired in April. The new compressor was ordered and is to be installed in August.

LIBRARY SERVICES

They say first impressions are often the most important. With this in mind the Cranbrook Public Library launched a program to revitalize and enhance the landscaping around the Library in 2008. Contributions from patrons, businesses, the Columbia Basin Trust, Cranbrook Garden Club and many others helped move the project forward. In November, three new "book benches" were installed, designed and fabricated by Paul Reimer of The Old Blacksmith Shop and his able staff. Not only are the book benches functional, they are examples of community-enhancing art.

Within the Library, things were just as busy as outside. 125,412 people visited, taking out 226,343 items or an average of 8.9 items per person living in Cranbrook and Area C. The number of questions people asked increased by 10% from 2007, with staff dealing with 14,809 queries. To keep up with demand, 10,372 books, DVDs, CDs and audio books got added to the collections for people to enjoy. The downloadable audio book offerings expanded as well, with people now able to get iPod compatible versions of some titles as well as eBooks.

January saw the launch of a new Toddler Storytime on Friday mornings, a response to the growing popularity of Preschool Storytime on Wednesday. The program was made possible with a grant from the Columbia Basin Alliance for Literacy. This, along with the Summer Reading Club, author readings and other special events, encouraged 7,054 people to attend the 254 programs held at the Library during the year.

One of the highlights of the year, the Idlewild Music Fest was held for the third year in a row. On a beautiful sunny Saturday in August, a crowd of over 500 people enjoyed some great music in a beautiful outdoor venue. The festival raised over $5,000 for the landscaping project.

The Library kept busy working with other libraries to further enhance its services. In June the Library had the privilege of hosting the first ever Kootenay Library Federation Conference, held at the beautiful St. Eugene Mission

Resort. By all accounts the conference was a tremendous success and laid the groundwork for future conferences. During the summer, libraries from different sectors worked together to create a province-wide agreement for public access to a wide range of subscription databases at a lower cost. This enabled the Library to subscribe to other databases with the funds freed up by this agreement. Now members of the Library can now research genealogy on Ancestry.com, find up-to-date travel information on Global Road Warrior, find the meaning of words in the Oxford English Dictionary Online, and encourage children to learn to read by listening when they go to Tumblebooks.

The Library Board thanks its members, staff, Friends of the Library, volunteers, City of Cranbrook, RDEK, Province of BC, all the people who donated time and money, and particularly everyone who uses the Library for making 2008 another great year.

AIRPORT

Two major milestones were reached in 2008 as the Airport Expansion project was completed and Delta Airlines commenced scheduled air service to their Salt Lake City hub in the United States. On October 16th, City of Cranbrook Mayor Ross Priest, MLA Bill Bennett and MP Jim Abbott officially opened the new international air terminal building in a ribbon cutting ceremony attended by several hundred people from within the Kootenay region. Two months later, history was made when the inaugural flight of Delta Airlines new international air service arrived at the Canadian Rockies International Airport and was greeted by Chamber of Commerce members and a large cross section of business and tourism representatives.

These accomplishments were the result of a 10-year strategic plan initiated by the City of Cranbrook to ensure the airport played a major role in the long term diversification of the regional economy through attracting new transborder air service into the region and ensuring that the airport infrastructure was upgraded to meet their future needs.

Consumer awareness and a continuing trend for travel to and from the region resulted in another year of success for both Air Canada Jazz and Pacific Coastal Airlines daily scheduled service. A strong regional economy and community confidence continued to gain momentum as both business and pleasure travelers used the Canadian Rockies International Airport as their airport of choice.

City Services (cont'd)

Strong demand and consistent pricing resulted in a 7.4% increase in passenger traffic year over year as 106,277 passengers used the airport facility. Another record year and the first time passenger usage has exceeded the 100,000 mark since the City took over ownership of the airport facility in 1997.

For the eleventh consecutive year, the community and its partners have an operating airport that remains financially sound and self-sustaining, adopting a long-term strategy of responsible planning towards growth and development within the domestic and international markets. Operating partner Vancouver Airport Services continues to manage the airport facility in accordance with Transport Canada regulations while maintaining their proven international policies of operating an airport that meets or exceeds international operating standards.

Several capital projects were carried out in accordance with the 2008 Airport Capital Plan including resurfacing of the helicopter pad, additional screening for Canada Border Services and the installation of a groundside irrigation system.

In a continuing effort to work together in marketing the new airport facility, the *Fly YXC Alliance Society* was formed with the mandate of attracting new air service to the region. *The Alliance* will compliment efforts already underway by the City of Cranbrook and Kootenay Rockies Tourism to ensure that the new airport facility is marketed to potential airlines and new destinations.

Another strong year as the City of Cranbrook and Vancouver Airport Services continue a successful partnership built on years of mutual vision towards managing a safe, friendly, clean, efficient and profitable airport with a distinctive local sense of place.

Officers at December 31, 2008

Will Pearce
Chief Administrative Officer

Wayne Staudt, CA
Director of Finance and Computer Services

Roy Hales, MCIP
Director of Corporate Services

Jamie Hodge, P.Eng.
City Engineer

SOLICITORS
Murdy & McAllister
Steidl, Kambeitz

BANK
Bank of Montreal

Diane Butz
Director of Leisure Services

Wayne Price
Director of Fire and Emergency Services

Joe A. McGowan, AScT
Director of Public Works

AUDITORS
BDO Dunwoody LLP

POLICE
Royal Canadian Mounted Police

Managements' Responsibility for Financial Reporting

To the Mayor and Members of Council:

In accordance with Section 167 of the Community Charter, we are pleased to submit the 2008 consolidated financial statements for the Corporation of the City of Cranbrook, together with the report of our auditors, BDO Dunwoody LLP.

The preparation of the consolidated financial statements is the responsibility of the City's management. The statements have been prepared in accordance with Canadian generally accepted accounting principles for municipalities in the Province of British Columbia. These principles are based upon recommendations of the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

The consolidated financial statements have been audited by BDO Dunwoody LLP Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. The auditors' report expresses their opinion on these consolidated financial statements. The auditors have full and free access to the accounting records.

Wayne Staudt, CA
Director of Finance and Computer Services

Will Pearce
Chief Administrative Officer

March 9, 2009